

Message Text

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ACTION EB-11

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E.O. 11652: N/A

TAGS: EFIN, OECD, AU

SUBJECT: OECD MINISTERIAL: AUSTRIAN INITIATIVE ON
INFLATION; GOA REACTION TO DIRECT
INVESTMENT

REFS: (A). STATE 89852, (B) VIENNA 4632

IN BRIEF CONVERSATION TODAY WITH STATE SECRETARY
BESELSKY, WHO WILL BE CHIEF GOA REPRESENTATIVE AT
OECD MINISTERIAL, ECONCOUNS ASKED WHETHER VESELSKY HAD
BEEN BRIEFED ON LATEST USG INITIATIVE ON DIRECT
INVESTMENT REFORM. VESELSKY, WHO EVIDENTLY WAS AWARE
OF GENERAL THRUST OF LATEST USG THINKING THIS SUBJECT,
COMMENTED THAT GOA THINKING THIS SUBJECT APPEARED TO
BE VERY MUCH ALONG LINES OF OURS. HE BELIEVED THAT
FIRST PRIORITY TO OBTAINING AGREEMENT ON SPECIFIC
INTERNATIONAL INVESTMENT ISSUES WAS TO OBTAIN AGREE-
MENT AMONG DEVELOPING COUNTRIES. ASKED WHETHER HE
AGREED THAT LONG RANGE PLANNING WAS A DESIRABLE
GOAL, VESELSKY REPLIED THAT OECD COULD DEFINITELY PLAY
USEFUL ROLE NOT ONLY FOR ITS MEMBERS BUT ALSO IN GLOBAL
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CONTEXT.

2. AS FOR MINISTERIAL MEETING, VESELSKY SAID THAT GOA WOULD AGAIN MAKE PROPOSAL ON DEVELOPING AN INTERNATIONAL SCHEME FOR CONTROL OF INFLATION. GOA WOULD, HOWEVER, GO ONE STEP FURTHER AND PROPOSE A DEFINITE TIMETABLE FOR IMPLEMENTING THIS WORK. SUCH TIMETABLE SHOULD ALSO BE AGREED UPON FOR OTHER MAJOR PROGRAMS SUCH AS MULTILATERAL TRADE NEGOTIATIONS, MONETARY REFORM, ENERGY COORDINATION AND INVESTMENT POLICY.

3. IN EARLIER CONVERSATION WITH MINFIN OFFICIAL, LATTER INDICATED HE WAS UNABLE TO GIVE COORDINATED GOA RESPONSE TO POINTS CONTAINED IN REF A. HE SAID HE HAD BEEN GENERALLY SATISFIED WITH WORK DONE THUS FAR BY OECD IN THIS AREA. NEVERTHELESS, MORE CONSULTATION AND A COORDINATED REVIEW OF THE WORK OF VARIOUS OECD COMMITTEES WAS DESIRABLE. HE FELT THAT THE MARKET MECHANISM WOULD HELP INSURE THAT INTERNATIONAL INVESTMENT MAKE FULLEST POSSIBLE CONTRIBUTION TO DEVELOPMENT OF LDC'S. FROM A PERSONAL VIEWPOINT HE ADDED THAT MOST EFFECTIVE METHOD TO EFFECT LDC DISCIPLINE IN THEIR ATTITUDE TOWARDS PRIVATE FOREIGN INVESTMENT WAS TO TIE AID TO SUCH INVESTMENT. HE ADDED THAT HE REALIZED THIS VIEW WOULD NOT NECESSARILY BE SHARED BY OTHERS WITHIN GOA AND OTHER GOVERNMENTS. HE ALSO FELT THAT COORDINATION OF WORK ON INVESTMENT AMONG VARIOUS INTERNATIONAL FORUMS WAS NECESSARY TO DEVELOP UNIFORM APPROACH IN THIS FIELD.

4. COMMENT: IN PAST PRINCIPAL COORDINATOR OF INVESTMENT POLICY HAS BEEN DR. ZUK WHO WILL ACCOMPANY VESELSKY TO PARIS. ZUK IS NOW OCCUPIED MAINLY AS COORDINATOR OF GOA AID PROGRAMS AND NO LONGER DIRECTLY INVOLVED WITH INVESTMENT ISSUES. VESELSKY, HOWEVER, AS CHANCELLOR KREISKY'S CLOSEST ADVISOR ON ECONOMIC MATTERS, WILL CONTINUE TO HAVE AN IMPORTANT VOICE ON ALL OECD MATTERS INCLUDING INVESTMENT POLICY. VESELSKY IS A FORCEFUL AND KNOWLEDGEABLE OFFICIAL WHO CAN BE USEFUL IN SUPPORTING US DEL'S OBJECTIVES AT THE MEETING. HUMES

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